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STATE OF CALIFORNIA

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No. 83/17

February 8, 1983

TO COUNTY ASSESSORS AND INTERESTED PARTIES:

ASSEMBLY BILL 1539, CERTIFICATED AIRCRAFT, AND 1983 AIR CARRIER PROPERTY STATEMENTS

On September 21, 1982, the Governor approved Assembly Bill 1539 (Chapter 1219, Statutes of 1982). This act (copy enclosed) affects the assessment of certificated aircraft and scheduled air taxis by amending Section 1152 of the Revenue and Taxation Code.

First Revenue Flight

Under prior law, there was substantial doubt as to whether the exclusion of all time prior to the first revenue flight applied to the air carrier or to the aircraft only. If the exclusion applied only to the aircraft, there would be no exclusion of time when a carrier purchased or leased a used aircraft.

As amended, paragraph (a) of Section 1152 now specifies that all time prior to the aircraft's first entry into revenue service of the carrier in control of the aircraft is to be excluded. AB 1539 further specifies that this amendment is declaratory of existing law.

"Control" of an aircraft is not presently defined in law. We believe that a carrier acquires control via purchase or lease, but control is not acquired via charter. We invite comments if a more thorough definition of control is needed.

This exclusion applies only once per aircraft per carrier. The exclusion does not apply to an aircraft which is reacquired by a carrier, such as an aircraft returned from lease.

Arrivals and Departures Factor

Minor language changes were made to paragraph (b) of Section 1152. These changes do not affect the allocation formula.

Ground Time Exclusion

AB 1539 provides that if an aircraft remains on the ground for 720 or more consecutive hours (30 days) on the ground, all ground time for that grounding in excess of 168 hours shall be excluded from the time allocable to the airport.

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1. This exemption affects only the numerator (time allocable to California) of the time-in-state factor. The denominator (total time) is not affected.
2. The exemption may apply more than once per year; it applies every time an aircraft is on the ground for 720 or more consecutive hours during the representative period.
3. Any takeoff, whether for revenue service or any other purpose, ends the consecutive ground time.
4. Example: An aircraft is grounded at Airport A for 13 consecutive weeks (10,080 minutes per week). During the balance of the year, 1,000 minutes per week are allocable to Airport A and 9,080 minutes per week are allocable elsewhere.

The last three columns of Form AH 570-1-S (Air Carrier's Supplement) demonstrates the calculations for ground time under prior law and current (1983) law. The maximum ground time of 10,080 minutes is shown as 194 minutes in Column 11, because Column 11 is the "representative" week of a 52-week year ($10,080 \div 52 = 193.8$, rounded to 194). The asterisk after 194 shows that the ground time exclusion is in effect.

COUNTY _____ Any _____
AIRPORT _____ A _____
REPRESENTATIVE PERIOD-Scheduled Time _____
-Nonscheduled Time _____ X _____

Time Allocated to this Airport in Minutes			
	9	10	11
	Ground Time (6-3)	Number of Flights Per Week	Total Time [7+8+9)x10]
Prior Law (1980-82)	10,080	13/52	2,520
	1,000	39/52	750
		Total	3,250
Present Law (1983-)	10,080	13/52	194 *
	1,000	39/52	750
		Total	944

5. If the consecutive ground time is less than 720 hours, there is no exclusion of any of the ground time.
6. The state will not reimburse counties or other local agencies for property tax revenues lost by reason of this exclusion of ground time.

Air Carrier's Property Statements

Minor revisions are necessary to three of the four aircraft forms. Form AH 570-3, Air Carrier's Supplement, Aircraft Value Computations, is not revised. The revisions to the other three forms (copies enclosed) are as follows:

1. For AH 570-1-L, Air Carrier's Supplement, Flight Detail--Piston-Powered and Turboprop Types.

At the top of the instructions page, "Fill in the columns in the following manner": is replaced by "Do not report flight and ground time prior to an aircraft's first entry into revenue service of this carrier; report the details of such excluded time separately." The request to report details of the excluded time is necessary so the counties can file accurate claims for subvention under Section 16113.8 of the Government Code.

The instructions regarding time prior to first revenue flight are deleted from the instructions for Columns 1 and 7.

The following is added to Column 17: "If during the representative period an aircraft spent 720 or more consecutive hours on the ground, report 194 (minutes) and a bold asterisk (194*) for that period of ground time." The purpose of the asterisk is to alert the assessor that the total time for this period is 10,080 minutes ($10,080 \div 52 = 194$) rather than the sum of Columns 13, 14 and 15, multiplied by Column 16.

2. Form AH 570-1-S, Air Carrier's Supplement, Flight Detail--Jet Engine Types Only.

The same revisions are made to this form as were made to AH 570-1-S, except the column numbers are 1, 4, and 11 instead of 1, 7, and 17.

3. Form AH 570-2, Air Carrier's Supplement, Flight Equipment Value Computation.

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The last sentence in the instructions for Column 3 is revised as follows:

Exclude all flight and ground time prior to an aircraft's first entry into revenue service of this carrier; report the details of such excluded time separately."

If you have any questions regarding the property statements or AB 1539, please call Charlie Knudsen, Assessment Standards Division, at (916) 445-4982.

Sincerely,



Verne Walton, Chief
Assessment Standards Division

VW:cam
Enclosure
AL-06-1193A